



SMARTSTATE REVIEW BOARD

[See Title No 2, Chapter 75; Act No 356, 2002; Act No 187, 2004;
Act No 355, 2008; Act No 290, 2010.]

I. Statutory Responsibilities of the Board:

1. Prepare annual report to S.C. Commission on Higher Education including a schedule for receiving grant proposals and awarding grants (Sec. 2-75-10).
2. Oversight and operation of the Centers of Economic Excellence Matching Endowment (Sec. 2-75-10 and Sec. 2-75-30).
3. Provide Private Audit and Annual Report to the S.C. Budget and Control Board and S.C. General Assembly by November 30 (Sec. 2-75-10).
4. Determine that grant application requirements have been met (Sec. 2-75-30, Sec. 2-75-50 and Sec. 2-75-60).
5. Select minimum of five outside expert individual to perform scientific, technical reviews of each grant proposal (Sec. 2-75-30).
6. Appoint a panel of experts from outside the State of S.C. to conduct site visits at the research institutions in order to evaluate and recommend grant proposals (Sec. 2-75-30 and Sec. 2-75-60).
7. Determine grant awards and amounts (Sec. 2-75-60).
8. Submit all appropriate expense forms to the S.C. Commission on Higher Education for approval and payment (Sec. 2-75-70).
9. Determine a percentage or portion of non-state matching funds, which must apply equally to all grant awards, to be used for initial operating expenses (Sec. 2-75-100).
10. Establish a cost share accounting policy whereby cash equivalent or in-kind donations may be accepted as non-state matches (Sec. 2-75-110).

II. Implied Responsibilities of the Board:

1. Encourage grant proposal collaboration among the three senior research institutions and other South Carolina public institutions of higher education (Sec. 2-75-5, Sec. 2-75-40 and Sec. 2-75-50).
2. Adopt a procedure and schedule for the filing and processing of applications including the information required thereon (Sec. 2-75-10).
3. Establish a working relationship with the Commission on Higher Education for the use of staff and support (Sec. 2-75-10).

4. Engage a private CPA to prepare and certify the Annual Audit to the S.C. Budget and Control Board and the S.C. General Assembly (Sec. 2-75-10).
5. Collect center annual reports from the senior research universities in order to prepare a comprehensive Annual Report to the S.C. Budget & Control Board and the S.C. General Assembly (Sec. 2-75-10).
6. Establish bylaws, which provide for (a) a procedure for calling meetings and their location, (b) the creation of officers with listed responsibilities and duties; and (c) the establishment of committees, including an executive committee (Sec. 2-75-10).
7. Establish program guidelines (Sec. 2-75-10).
8. Prepare budget for the operations of the Board, including appropriate per diem, subsistence and mileage expenses and for the cost and expenses of the panels of experts (Sec. 2-75-70).

III. Statutory Requirements for the Application Process (See Sec. 2-75-50, 2-75-90):

The Grant Application Shall:

1. Document the non-state matching funds, on hand, in an amount equal to the grant amount requested.
2. Demonstrate the no S.C. tax dollars are claimed as non-state matching funds and that all non-state matching funds claimed have been committed and raised after January 1, 2002, with the exception of federal non-state matching funds, which cannot have been received prior to July 1, 2003.
3. Be for an amount not less than \$2,000,000 nor more than \$5,000,000.
4. Document that the proposal has significant potential to provide for enhanced economic development for the State in a specified knowledge based industry or field of commerce.
5. Document collaboration with other institutions, businesses or communities.

IV. Related other provisions of the Act:

1. Members of the review board may not receive payment for their service; however, members of the review board may be reimbursed for per diem, subsistence and mileage expenses as provided by State law (Sec. 2-75-10 and Sec. 2-75-70).
2. The amount of \$30,000,000 is annually appropriated from the Education Lottery Account to provide for Endowed Chairs as provided in S.C. 2-75-30(a).
3. The Centers of Economic Excellence Matching Endowment must be managed by the State Treasurer (Sec. 2-75-30).
4. Interest earnings on the Endowment must remain as part of the Fund and may be used to fund additional grant proposals; one-quarter of unallocated interest earnings are reserved for the issuance of SmartState Commerce Awards (Sec. 2-75-30).
5. Operational expenses of the board shall come from the Fund and must be approved by the Commission on Higher Education (Sec. 2-75-30 and Sec. 2-75-70).

If a center is dissolved, withdrawn, or terminated, all drawn state funds for that grant application must be returned to the Centers of Excellence Matching Endowment and may be used by the board to fund additional grant proposals, with the exception that one-quarter of unallocated funds are reserved for the issuance of SmartState Commerce Awards (Sec. 2-75-30 and Sec. 2-75-100).

6. An individual grant proposal is considered awarded once the three-tier review process has been completed and the board has voted affirmatively on the grant proposal (Sec. 2-75-30(b)).
7. Staff and support for the Board must be provided by the Commission on Higher Education (Sec. 2-75-70).
8. The full amount of every state award must be placed into and remain in endowment Sec. 2-75-100(b)).

Act No 290 of 2010 enacted revisions to the S.C. Research Centers of Economic Excellence Act which create a new type of SmartState Award to be made in concert with the Department of Commerce. Such “SmartState Commerce Awards” are subject to the requirements of standard SmartState Awards with the exception of the following unique provisions:

V. Statutory Responsibilities and Exceptions for SmartState Commerce Awards:

Responsibilities

1. Obligate one-quarter of unallocated funds from the Centers of Excellence Matching Endowment for the purpose of issuing SmartState Commerce Awards (Sec. 2-75-30(A), (C)).
2. Receive requests for SmartState Commerce Awards from Secretary of Commerce (Sec. 2-75-30(C)).
3. Issue SmartState Commerce Awards (Sec. 2-75-30(C)).
4. Receive certification of significant capital investment within 36 months of the allocation of a SmartState Commerce Award, before which award funds cannot be issued (Sec. 2-75-30(C)).

Exemptions

1. The clause at the beginning of S.C. 2-75-30(B) [“Except as provided in subsection (C)”] exempts SmartState Commerce Awards from the technical and scientific review process as described in S.C. 2-75-30(B)(1)-(3). However, SmartState Commerce Awards are *not* exempted from the scientific review process as described in S.C. 2-75-60.
2. S.C. 2-75-30(B)(ii) exempts SmartState Commerce Awards from all statutory non-state matching requirements, which are replaced by a certification by the Secretary of Commerce of a “significant capital investment committed by a qualified project or industry sector” (S.C. 2-75-30(C)).
3. S.C. 2-75-30(B)(ii) exempts SmartState Commerce Awards from the \$2 million to \$5 million award total. S.C. 2-75-30(C) states that the total of a SmartState Commerce Awards may be “up to \$2 million for each significant capital investment committed by a qualified project or industry sector.”